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State Dept. review completed

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1. CUBAN REVOLUTIONARY LEADERS PLANNING TO STEP UP ANTIGOVERNMENT ACTIVITIES

Comment on:

Leaders of the "26th of July" movement, the most active of the groups attempting to oust Cuban President Batista, are considering assassination of certain cabinet

ministers and key police officials,

News that police have shot unarmed individuals and hanged prisoners has leaked out despite press censorship and may have incited the opposition to plan the assassinations in retaliation.

sabotage, which had subsided following the suspension of constitutional guarantees on 1 August, is to be intensified in the near future.

a group of civic leaders and businessmen who oppose the government claim to have made good progress in subverting members of the armed forces, traditionally the bulwark of the Batista regime. There have been previous reports of dissatisfaction and plotting within the armed forces.

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3. SHARP DECLINE IN BRITAIN'S GOLD AND DOLLAR RESERVES

Comment on:



Sharp August losses in the British gold and dollar reserves are to be announced on 3 September, according to a statement made by British officials to the American

embassy. The embassy expects that, with the addition of seasonal pressures, there will be a still further decline during September to bring the reserves below the generally considered safe minimum of \$2,000,000,000. On 31 July they totaled \$2,367,000,000.

The August losses are attributed to speculation abroad against sterling, and to lags in purchases of sterling in anticipation of its possible devaluation. Prevailing British financial opinion seems convinced that sterling difficulties spring largely from an underevaluation of the West German mark.

Senior Treasury and Bank of England officials, trying to avoid further loss of confidence in sterling, decided a few days ago not to resort at this time to available credits with the International Monetary Fund and the US Export-Import Bank. They have, however, expressed to the American embassy the hope that after the 15 September German elections, the US will consider a joint approach to the mark/pound relationship.

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4. GOMULKA REPORTED IN MOSCOW

Comment on:

Polish Party First Secretary Wladyslaw Gomulka left Warsaw on 24 August for consultations in the USSR.

the discussions would deal with further economic and ideological concessions to the Poles in exchange for Polish recognition and support of Soviet leadership in the field of international communism.

Gomulka may want to ascertain the latest Soviet attitude toward Yugoslavia, as he reportedly plans to visit Belgrade in September. Although Gomulka is known to oppose the re-establishment of a Cominform-type organization, Soviet leaders may wish to explore the possibility of getting his support for some loose organization which would more effectively associate the Yugoslav party with other Communist parties.

Gomulka may also be seeking additional economic aid as a means of bolstering the shaky Polish economy.

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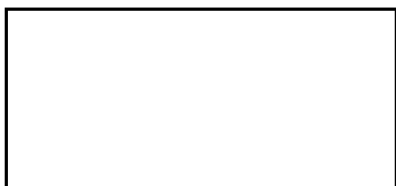
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5. NEW SHAKE-UP IN BULGARIAN LEADERSHIP INDICATED

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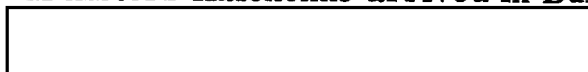
The Bulgarian party newspaper on 27 August printed an editorial similar to the 3 July Pravda editorial which signaled the presidium shake-up in Moscow. This suggests that further high-level changes may occur

in Bulgaria. In the most urgent demand to date for party unity, the Bulgarian editorial warned dissident elements against further factional activities and threatened drastic disciplinary measures against any "Communist... who destroys party unity or who does not fulfill party decisions... regardless of his past merits and posts."

These threats may indicate that a further shake-up of the central committee is necessary to establish discipline and unity within the party. The editorial rules out any return to the "cult of the individual" as exemplified by former premier Chervenkov but promises harsher treatment to those "who wished to change the struggle against the cult of the individual for their personal antiparty purposes"--presumably the Chankov faction expelled in July.

On the eve of this warning, CPSU presidium member Kirichenko and Chairman of the Ukrainian Council of Ministers Kalchenko arrived in Bulgaria for a "vacation."

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ANNEX

**Watch Report 369, 29 August 1957
of the
Intelligence Advisory Committee**

Conclusions on Indications of Hostilities

On the basis of findings by its Watch Committee, the Intelligence Advisory Committee concludes that:

- A. No Sino-Soviet bloc country intends to initiate hostilities against the continental US or its possessions in the immediate future.
- B. No Sino-Soviet bloc country intends to initiate hostilities against US forces abroad, US allies or areas peripheral to the orbit in the immediate future.
- C. Although the deliberate initiation of hostilities in the Middle East in the immediate future is unlikely, tensions stemming from recent developments in Syria and unstable conditions, particularly in Jordan, continue to create the possibilities for conflict in the area.

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